

# The Social Questions Bulletin

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THE METHODIST FEDERATION FOR SOCIAL SERVICE  
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*An organization which rejects the method of the struggle for profit as the economic base for society; which seeks to replace it with social-economic planning in order to develop a society without class distinctions and privileges.*

150 FIFTH AVENUE, NEW YORK CITY

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The general policies of this publication are determined by the Executive Committee of the Methodist Federation for Social Service, subject to approval by the General Council of the Federation. The selection of topics and material is committed to the Secretaries, who are responsible to the Federation and to the public for its accuracy.

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## THE NEUTRALITY ISSUE

The three main issues that will come before the next Congress are Neutrality Legislation; Unemployment and Social Security—the W.P.A. and Relief; the Wagner Act and the N.L.R.B. We will analyze each of them in successive issues before Congress convenes.

### The Present Act

The neutrality policy of the United States has found expression in two Acts of Congress: the temporary Act of August, 1935, renewed in February, 1936, and the amended Act of May, 1937.

The provisions of the 1937 Act include the following essential features: When the President shall find that "a state of war" exists between two or more foreign states, he is to proclaim such fact, and thereafter all exports of arms, ammunition or implements of war to all belligerents or to a neutral state for transshipment to belligerents are illegal. When the President finds that a state of civil war exists in a foreign country and that trade in arms to that country "would threaten or endanger the peace of the United States," an arms embargo is to be placed on shipments to both the legal government and the rebels. The President may also restrict shipments of "certain articles or materials in addition to arms" when such a move is needed to preserve the peace of this country. All loans and credits to all warring powers are forbidden, as are contributions to belligerents or factions within them, except for medical aid, food and clothing intended to relieve human suffering. All exports to nations or groups at war must be conducted on a "cash and carry" basis—that is, full title and ownership of these goods must be transferred to the buyer before they can be cleared through our ports. The American Republics, however, are to be exempted from the

above provisions, unless engaged in a war in which they are being helped by some European power.

The purpose of the Act is not in keeping with its name, for it is really an embargo-and-keep-us-out-of-war Act. Even its supporters admit that through its operation the United States would not maintain a position of neutrality in the event of another world war. Through the "cash and carry" provision, trade in secondary war materials would go on as before, and soon the United States would discover that it had a huge economic stake in the conflict to be protected. The side having the most adequate merchant marine and the largest amount of convertible securities in this country would be the virtual ally of the United States.

Other weaknesses of the Act are apparent. The President, through his powers of discretion, could invoke the various provisions after the hostilities had continued for some time, and thus might provoke the power suffering most from the application of the Act to declare war on us. To be as fair as it claims to be, the Act should be mandatory.

Furthermore, the Act does not set forth a specific list of contraband articles when it outlaws the transshipment of our goods by a neutral to a belligerent, nor does it suggest in what manner violations of this transshipment clause are to be detected. How is this country to make certain that our arms are not being bought by a neutral





and then being reshipped to a nation at war—for example, purchased by Germany and then shipped to Franco's forces?

### *Paradoxical Applications of the Act*

The first invocation of the Act was against Italy and Ethiopia in 1935. The President having no discretionary power at this point, secondary war materials, such as oil, were not embargoed and Italy was able to purchase from us fuel for its trucks, tanks and airplanes.

In January, 1937, during the Spanish Civil War, the President asked for, and was granted, a resolution applicable to the special case of Spain which would bar all arms shipments to both the Loyalists and the Rebels. This move, which deprived the legal government of Spain of access to American markets, was not only contrary to all precedent and to international law, but was also a violation of a treaty signed by us in 1928 which pledged this access to our markets to all signatory governments facing a rebellion. Nevertheless, with British influence operating behind the scenes, the resolution was passed on the plea that the peace of the United States was endangered by exports of arms to these warring factions. It is noteworthy, however, that both Mexico and the Soviet Union have been trading extensively with the legal government of the Spanish Republic and neither is closer to war today than it was two years ago.

The Japanese invasion of China, paradoxically enough, has not thus far moved the President to invoke the Neutrality Act in the Orient. Technically he is within his rights, since war has not been officially declared by either side. But behind this lie three main reasons for not applying the Act against Japan and China: as the Administration has admitted, the Act was not meant to apply to the Orient, but only to Europe; American trade would be crippled; we might become involved in the war. Here is a situation entirely new in the history of our country—a bill had just been made the law of the land, yet it was not applied.

### *Tragic Results of the Act*

The Spanish War, as must now be apparent to everyone, no longer bears even the semblance of an uprising within the borders of Spain but has revealed itself clearly to be in reality a Fascist invasion of the country by two other nations. Both Germany and Italy have publicly admitted that they have been pouring troops and arms into Franco's Spain. Yet, when asked

whether arms shipped to Germany are being turned over to the Rebels, our State Department declared that it has no evidence. This, too, in the face of the operation of England's so-called "Non-intervention" which openly admits the intervention of Germany and Italy in Spain's Civil War. On the other hand, according to informed observers, early in 1937 our State Department brought pressure to bear on Mexico to close its arms markets to Loyalist Spain. Another failure of our neutrality policy to be neutral.

Germany's purchases from this country during the three years of our "neutrality" have been almost exclusively war materials. This trade in secondary war supplies has developed to such an extent that the 1937 jump of 22% in German imports from the United States has been attributed by the Washington Bureau of Foreign and Domestic Commerce to the increase in metals and cotton being sent to that country. The same story is true of Italy: her 1936 trade with us was less than half of what it had been in 1929, yet imports of fuel oils and metals increased during that seven-year period from three to five times. The fragmentary figures for 1938 covering exports to both countries would indicate that this trend is becoming even more marked.

In the Orient we see the same situation. Oils, metals and cotton, which Japan is receiving from us, are being used in the totally unwarranted invasion of China. In 1936-37 Japan's purchases of these materials increased from two to seventeen times over the previous year; the following year the United States supplied Japan 47% of all her imports for war purposes; the sales of airplanes from the United States to Japan last May amounted to almost two million dollars; and her scrap iron imports during this past September came to more than sixteen times this sum. A large share of these war supplies was paid for by American money, since in 1937 we sent close to three hundred million dollars to Japan for our imports of silk and finished products.

To apply the Act in the Orient would allow Japan to import secondary war materials, which is all she now needs with her extensive munition plants, while cutting off all arms shipments to China who desperately needs them. Since Japan has gold reserves in this country and possesses an adequate merchant marine, the Nipponese war lords could buy all necessary supplies and continue their conquest of China. This would result not only in the final destruction of China's independence but would also



lead to further Japanese aggression, as that nation has officially boasted. Thus, to apply the Act in the Orient would be to make ourselves the virtual allies of Japan and to help bring more war into the world.

**Fascism is once more on the march.** It can hardly be an accident that while the Fascists have been laying in these stores of war materials, Ethiopia has fallen, Spain has been split by a civil war, Austria annexed, China invaded, Czechoslovakia dismembered, and democracy everywhere has declined. When not actually used in overt warfare, it is clearly evident that the supplies which we have been selling to these Fascist powers have been employed to help coerce and terrify the whole world. Any Neutrality Act which helps nations to engage in acts of aggression can neither be called neutral nor can it hope to keep us out of war. With the Fascist International spreading warfare over a large part of the world, it is inevitable that our country will one day be drawn into the very thing it seeks to avoid.

**The embargo on Spain** was nearly lifted last Spring. Senators Borah, Nye, Pope, and Thomas supported the repeal of this embargo, and for a time it seemed that even the Administration looked kindly upon this move. However, because of pressure from the Catholic hierarchy and from the Chamberlain Government, the Administration was forced to oppose the repeal and the embargo was not lifted.

### ***Proposed Changes***

During the last session of Congress Representatives O'Connell, Lewis, Rich, Bierman, and Scott each sponsored peace bills which would seek to correct the purpose, application, and results of the present Act. The Peace Act, H.J. 527, introduced by Mr. O'Connell would have the President name the aggressor, who would then be cut off from all arms, credits and secondary war materials. (Our markets would automatically remain open to the victims of aggression.) Somewhat the same provisions were set forth by the other bills. When an attempt was made to adjust these bills and combine them so that only one would be presented for Congressional action, strong pressure by party reactionaries made this impossible and nothing was ever reported out of committee. No doubt another move in this direction will be attempted by these same Congressmen at the beginning of the coming session of Congress.

These proposals take on a practical significance in the light of recent events. Ever since the Sino-Japanese War began, the United States has carried on normal trade with China, including huge shipments of arms. This past September, according to official figures released by our State Department, arms exports licenses granted to China totalled more than seven million dollars, while actual exports in arms came to more than a million and quarter dollars. Yet, with all this trade, are we today any nearer war with Japan than we were a year ago? Do the facts, then, fit the fears of the isolationists who would outlaw such trade with invaded nations in times of war?

—F. H.

### ***What Next?***

The present demand for revision or repeal of the Neutrality Act comes from three sources, with differing objectives—the Administration, the Neutrality Bloc of peace organizations, and the Economic Non-cooperation Bloc (see *June Bulletin*.)

The Administration wants a free hand. It desires authority to impose or withhold embargoes at will. The Neutrality Bloc wants the present law extended to cover secondary materials of war, and tightened to leave no loophole for executive non-enforcement. It opposes exemptions for the victims of the aggressor. The Economic Non-cooperation Bloc wants an embargo only against the invading aggressor, and it wants that to include both primary and secondary war supplies, loans and credits. On the question of discretion to the President, it is divided. The only common ground of these forces is the creation of a general demand to get the law changed.

The common point in the programs of the Neutrality and Non-cooperation Blocs, also common to the liberals in the Administration, is the shutting off of all economic aid to nations engaged in aggressive, invading war. But this agreement cannot be expressed in support of a piece of legislation like the O'Connell Act because, on principle, the Neutrality Bloc cannot separate the question of dealing with the invading aggressor from the question of dealing with his victim. This is forbidden to them on two grounds: an absolute pacifism which holds we should have nothing to do with any war, and a prudential pacifism which argues that we can only keep out of war by having nothing to do with any participants in war.

**Where does the M.F.S.S. stand?** Until the National Meeting next May, by recent



action of the Executive Committee, we are recommitted officially to economic non-cooperation (not blockade) with the invading aggressors, and keeping our markets open to their victims under conditions designed to prevent our being drawn into war. Some of our members are opposed to this and are supporting the position of the Neutrality Bloc. The question for the undecided, who presumably are anti-war, prudential pacifists, is whether economic non-cooperation with the invading aggressor and regulated trade with his victim can be carried on without leading us into war. This judgment requires continuous assessment of the facts in changing situations.

**An immediate danger:** Meantime, Chamberlain expects soon to announce that the withdrawal of Italian troops from Spain (long denied to be there) is sufficient, and will grant belligerent rights to Franco. France will seal the frontier. This means the blockade and starvation of Loyalist Spain. It is reported that Roosevelt is being sold this plan under the guise of mediation to end suffering.

**To prevent our collusion** in the extension to Spain of the Munich agreement a campaign is now being started to voice a popular demand for the lifting of our embargo on Spain. This can be done with no risk of war to us, as Spain is prepared to purchase on the "cash and carry" basis. The attempt to secure Roosevelt's tacit support for Chamberlain's plan recognizes that our lifting of the embargo would endanger and perhaps halt the whole project for the establishing of fascist dominance over the continent of Europe. This is a major test of our ability to do anything to preserve and develop the democratic way of life.

—H. F. W.

### ACKNOWLEDGMENTS

The response to our May appeals for Federation support totals \$1018.10. Since the appeals were made to our entire membership the expense of getting them out was heavy. Our net gain, however, runs from \$850 to \$900, a sum which has enabled us to carry on during the summer months, although we still owe a \$400 note at the bank.

Total received for Czechoslovakian Red Cross: \$255.

Total received for Spanish Loyalist Relief Ship: \$140.

Our grateful thanks.

### EASTERN REGIONAL CONFERENCE

Union Theological Seminary  
December 2-3, 1938

**Theme:** "The Present World Crisis and Its Relation to Our Federation Program."

**Program includes:**

Reinhold Niebuhr—dinner, Friday.

Harry F. Ward—Friday evening.

Bishop Francis J. McConnell—

Saturday morning.

Friday afternoon a symposium will give ample opportunity for the discussion of local problems both of theory and action. Every address is to be followed by a generous question-and-answer period.

Business session at 9 o'clock Saturday morning.

Write the office for reservations and for advice as to reasonable accommodations for the night.

### BOOK RECOMMENDATIONS

Symposium: *Before America Decides* (Harvard Univ. Press, \$3).

J. Fred Rippy: *America and the Strife in Europe* (Univ. of Chicago Press, \$2).

Carleton Beals: *The Coming Struggle for Latin-America* (Lippincott, \$3).

William T. Stone and others: *Service Notebook on International Affairs*. Loose leaf reference service, with weekly digest (League of Nations Association, \$5).

H. J. Timperley: *Japanese Terror in China* (To be published Nov. 11, by the Modern Age, 75c).

John Strachey: *Hope in America* (Modern Age, 50c).

John Strachey: *What Are We to Do?* (Random House, \$3).

### PAMPHLET RECOMMENDATIONS

*America Looks Abroad* (Foreign Policy Association, 25c). (With *Discussion Program* based on the pamphlet—25c extra).

*War Losses to a Neutral* (League of Nations Association, 25c).

*America's Share in Japan's War Guilt* (American Committee for Non-Participation in Japanese Aggression, 15c).

*Neutrality Issue*, by Harry F. Ward (American League for Peace and Democracy, 2c).

*Neville Chamberlain in Washington* (*Nation*, October 15 reprint—free).

*Shadow Over Europe* (Foreign Policy Association, 25c).

For preparation of this Bulletin we are indebted in large part to Frank Hutchison.

A \$1 membership brings the Bulletin once a month except in July and August. Ask about student group rates.